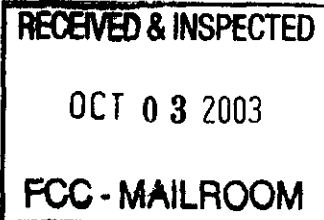


Rebecca Klein
Chairman

Julie Parsley
Commissioner

Paul Hudson
Commissioner

W. Lane Lanford
Executive Director



Public Utility Commission of Texas

Marlene H. Dortch - Secretary
Federal Communications Commission
445 Twelfth Street, S.W. - TWA 325
Washington, D.C. 20554

Irene Flannery - Vice-President of High Cost and Low Income Divisions
Universal Service Administrative Company
2120 L. Street, NW - Suite 600
Washington, D.C. 20037

RECEIVED
2003 SEP 24 PM 12:35
PUBLIC UTILITY COMMISSION

RE: Federal-State Joint Board on Universal Service, CC Docket No. 96-45

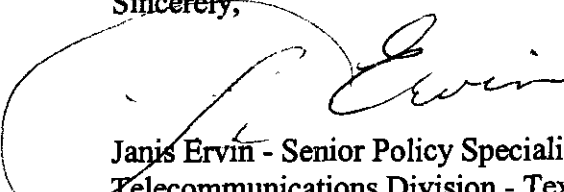
TX PUC Project No. 25787 - FCC Letters Regarding ETC Designation Pursuant to
FTA '96 §214(e) (2)

September 24, 2003

Pursuant to Section 214(e) (2) of the Communications Act of 1934, as amended (the "Act") and 47 C.F.R. sections 54.201 – 54.203, the Texas Public Utility Commission (TPUC) has granted the eligible telecommunications carrier (ETC) designation to the competitive carrier named Panhandle Telecommunications Systems, Inc.. Panhandle Telecommunications Systems, Inc.'s ETC designation is for the Perryton exchange served by Valor Telecommunications of Texas, L.P. Attached is the TPUC's *Order No. 3, Notice of Approval*, in Docket No. 28315, issued on September 22 2003, granting ETC designation to Panhandle Telecommunications Systems, Inc. (see page 7 of *Order No. 3*).

If you require any additional information please call Janis Ervin at (512)-936-7372.

Sincerely,


Janis Ervin - Senior Policy Specialist
Telecommunications Division - Texas Public Utility Commission

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DOCKET NO. 28315

2003 SEP 22 PM 3:00
PUBLIC UTILITY COMMISSION

APPLICATION OF PANHANDLE
TELECOMMUNICATIONS SYSTEMS,
INC. FOR DESIGNATION AS AN
ELIGIBLE TELECOMMUNICATIONS
PROVIDER (ETP) PURSUANT TO P.U.C.
SUBSTANTIVE RULE 26.418 AND
DESIGNATION AS AN ELIGIBLE
TELECOMMUNICATIONS CARRIER
(ETC), PURSUANT TO P.U.C.
SUBSTANTIVE RULE 26.417

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PUBLIC UTILITY COMMISSION
OF TEXAS

ORDER NO. 3
NOTICE OF APPROVAL FOR DESIGNATION AS
AN ELIGIBLE TELECOMMUNICATIONS PROVIDER (ETP)

Procedural History

On August 8, 2003, Panhandle Telecommunications Systems, Inc., (PTSI) filed applications for designation as an eligible telecommunications carrier (ETC) pursuant to 47 U.S.C. § 214(e) and P.U.C. SUBST. R. 26.418, as well as designation as an eligible telecommunications provider (ETP) pursuant to P.U.C. SUBST. R. 26.417.¹ ETC and ETP designations are required before a carrier can receive Federal Universal Service Fund (FUSF) and Texas High Cost Universal Service Plan (THCUSP) support. Pursuant to 47 U.S.C. § 214(e), the Commission, either upon its own motion or upon request, shall designate qualifying common carriers as ETCs for service areas set forth by the Commission. PTSI is seeking designation for the Perryton exchange served by Valor Telecommunications of Texas, LP (Valor). PTSI holds Certificate of Operating Authority No. 50016 granted on May 6, 1998, in Docket No. 18972.

¹ Docket Nos 28315 and 28316 were consolidated to Docket No. 28315 in Order No. 2, dated August 25, 2003

The Commission issued Order No. 1 in this proceeding which established a procedural schedule, including deadlines for comment, motions to intervene, and published notice in the *Texas Register*. Notice was published in the *Texas Register* on August 22, 2003. The Applicant provided a copy of the application to the Office of Public Utility Counsel at the time of filing. Pursuant to P.U.C. SUBST. R. 26.417(f)(2)(A)(i) and 26.418(g)(2)(A)(i), the effective date shall be no earlier than 30 days after the filing date of the application or 30 days after notice is completed, whichever is later. Therefore, the earliest effective date for this proceeding was September 22, 2003.

No objection, comment, or motions to intervene were filed, and no hearing was requested. P.U.C. SUBST. R. 26.417(f)(2)(A) and 23.418(g)(2)(A) provide that applications for ETC/ETP designation may be reviewed administratively.

On September 15, 2003, Commission Staff (Staff) filed a recommendation for approval of ETC and ETP status for PTSI based on the following:

Designation as Eligible Telecommunications Carrier

To qualify for ETC status, a carrier must meet four conditions:²

1. The carrier must be a common carrier, as that term is defined by the Federal Telecommunications Act of 1996 (FTA '96), Section 3(10).

² 47 C.F.R. § 54.201(b)-(d) (2001).

2. The carrier must offer the following services (requisite services),³ using its own facilities or a combination of its own facilities and the resale of another carrier's services:⁴
 - (a) voice grade access to the public switched network;
 - (b) local usage;
 - (c) dual tone multi frequency signaling or its functional equivalent;
 - (d) single party service or its functional equivalent;
 - (e) access to emergency services, including such services as 911 or enhanced 911;
 - (f) access to operator services;
 - (g) access to interexchange service;
 - (h) access to directory assistance; and
 - (i) toll limitation for qualifying low income customers.⁵
3. The carrier must advertise the availability of and charges for the requisite services in a media of general distribution.⁶
4. The carrier must provide Lifeline and Link Up support, and may not collect a deposit from a customer receiving such support if the customer also elects toll blocking.⁷

PTSI meets all of the above criteria. PTSI will advertise the designated services and their rates through notices using media of general distribution and through annual bill inserts and its terms and conditions of services distributed to all new customers. PTSI provides the required services through the use of purchased unbundled network elements (UNEs) and currently uses a combination of its own facilities and resale of services. PTSI has made a commitment to offer Lifeline and Link Up support and has provided a tariff and self-certification form for applicants with its application which it will adopt upon designation..

³ 47 C.F.R. § 54.101 (2001)

⁴ 47 C.F.R. § 54.201 (2001)

⁵ Pursuant to FTA § 54.400(d), the FCC defines "toll limitation" as either toll blocking or toll control for eligible telecommunications carriers that are incapable of providing both service.

⁶ *Id*

PTSI has not requested any waivers of the Federal Communications Commission (FCC) requirements. PTSI does not offer toll control but on December 30, 1997, the FCC clarified its Order regarding "toll limitation" to require a carrier to offer only one form, either toll blocking or toll limitation, for designation as an ETC. On August 13, 1998, the Commission, in Docket No. 18100, *General Counsel's Petition for Designation of Eligible Telecommunications Carriers Under 47 U.S.C. Section 214(e)*, recognized this clarification in Order No. 6, *Finding Applicants in Compliance With Requirement To Provide Toll Limitation Service, And Relieving Them Of Obligation To Obtain Waiver*.

Valor serves the exchange for which PTSI requests USF support. FTA § 54.201(c) states:

Upon request and consistent with the public interest, convenience, and necessity, the state commission may, in the case of an area served by a rural telephone company, and shall, in the case of all other areas, designate more than one common carrier as an eligible telecommunications carrier for a service area designated by the state commission, so long as each additional requesting carrier meets the requirements of paragraph (D) of this section.

Valor has self-certified itself with the FCC as a "rural" carrier. Staff's analysis of the application concludes that PTSI does meet the requirements established by the FCC for designation as an ETC.

Staff recommended PTSI be granted ETC designation.

Designation as Eligible Telecommunications Provider

P.U.C. SUBST. R. 26.417(f)(1)(B)(i) requires carriers applying for ETP status to meet the definition of a local exchange carrier (LEC) as defined in P.U.C. SUBST. R. 25.5. PTSI meets this definition.

P.U.C. SUBST. R. 26.417(f)(1)(B)(i)(II) requires carriers applying for ETP status to show they have been granted ETC status for federal universal service support pursuant to U.S.C. §214(e). ETP and ETC designations are being handled concurrently in this docket.

P.U.C. SUBST. R. 26.417(f)(1)(B)(i)(III) requires carriers to specify the small or rural incumbent local exchange company (ILEC) service area in which they propose to be an ETP. PTSI has met this requirement.

P.U.C. SUBST. R. 26.417(f)(1)(B)(i)(III) requires Applicants for ETP status show they offer the designated services defined in P.U.C. SUBST. R. 26.403 throughout the THCUSP or small and rural ILEC service area for which the carriers seek ETP status. The designated services required for ETP status are:⁸

1. flat rate, single party residential and business local exchange telephone service, including primary directory listings;
2. tone dialing service;
3. access to operator services;
4. access to directory assistance services;
5. access to 911 service when provided by local authority;
6. telecommunications relay service;
7. ability to report service problems seven days a week;
8. availability of annual local directory;
9. access to toll services; and
10. lifeline and link-up services.

⁸ P U C SUBST. R 26 403(d)(1) Texas High Cost Universal Service Plan (THCUSP)

P.U.C. SUBST. R. 26.417(f)(1)(B)(i)(III) also requires the Applicants to assume the obligation to provide the services required under P.U.C. SUBST. R. 26.403 to any customer. PTSI states that it meets and assumes the responsibility to offer the basic services defined in P.U.C. SUBST. R. 26.403 to all customers in its exchanges.

P.U.C. SUBST. R. 26.417(f)(1)(B)(i)(IV) requires that Applicants show they offer the designated services through a means other than total service resale. PTSI offers services through the use of its own facilities and resale of services and has therefore met this requirement.

P.U.C. SUBST. R. 26.417(f)(1)(B)(i)(V)-(VI) requires that Applicants show that they have offered continuous service that meets the quality of service standards in P.U.C. SUBST. R. 26.52 - 26.54, and that they offer Lifeline and Link-Up services in compliance with P.U.C. SUBST. R. 26.412. PTSI provided a commitment to meet all quality of service standards in its Service Quality Questionnaire at the time it received its SPCOA and it affirms it meets the benchmark standards. PTSI will file an amendment to its tariff to adopt the Lifeline and Link-Up services tariff, consistent with P.U.C. SUBST. R. 26.412, filed with its application, immediately upon approval of its designations in this proceeding.

P.U.C. SUBST. R. 26.417(f)(1)(B)(i)(VII) requires the Applicants to advertise the availability of, and charges for, the designated services using media of general distribution. PTSI states it will meet this requirement by providing such notice.

P.U.C. SUBST. R. 26.417(f)(1)(B)(i)(VIII) and SUBST. R. 26.417(f)(1)(B)(i)(IX) are requirements regarding the notice of the application. PTSI's request for *Texas Register* notice was approved and published and meets these standards.

P.U.C. SUBST. R. 26.417(f)(2)(A)(i) requires an effective date 30 days after the completion of notice. This issue was addressed in Order No. 1 and the earliest effective date available has been established as September 22, 2003.

PTSI has also committed to offering the required designated services at a rate not to exceed 150% of the ILECs tariffed rate in the same designated areas pursuant to the requirements of P.U.C. SUBST. R. 26.417(c)(1)(B).

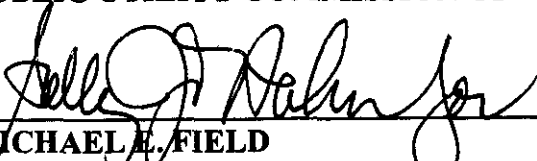
Staff recommended PTSI be granted ETP designation

Ordering Paragraph

In accordance with Staff's recommendation and for all the reasons stated therein, pursuant to the FTA § 214(e)(2) and P.U.C. SUBST. R. 26.418, PTSI's application for ETC designation is **APPROVED** effective September 22, 2003; pursuant to P.U.C. SUBST. R. 26.417, PTSI's application for ETP designation is **APPROVED** effective September 22, 2003. PTSI is granted ETC and ETP status in the Perryton exchange served by Valor.

SIGNED AT AUSTIN, TEXAS ON THIS the 22nd day of September 2003.

PUBLIC UTILITY COMMISSION OF TEXAS



MICHAEL E. FIELD
DIRECTOR, DOCKET MANAGEMENT
POLICY DEVELOPMENT DIVISION